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Louisville Gas and Electric Company
220 West Main Street (40202)
P.O. Box 32010
Louisville, Kentucky 40232

December 1, 2004

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

Case 2004-00488

RECEIVED
DEC 01 2004
PUBLIC SERVICE
COMMISSION

RE: Adjustments to Demand Side Management Cost Recovery Mechanism
for Louisville Gas and Electric Company – Case No. ~~2000-459~~

Dear Ms. O'Donnell:

Louisville Gas and Electric Company ("LG&E") files herewith an original and four copies of the following revised sheets of LG&E Tariff PSC of Ky. Electric No. 6:

First Revision of Original Sheet No. 71.4
First Revision of Original Sheet No. 71.5

This filing reflects revised Demand Side Management Cost Recovery Components as approved by the Commission in its Order of May 11, 2001, in the above-cited case. Four copies of the supporting data for the twelve month period ending December 31, 2004 are also filed herewith.

Sincerely,

Robert M. Conroy
Manager, Rates

Enclosures

Louisville Gas and Electric Company

First Revision of Original Sheet No. 71.4
P.S.C. of Ky. Electric No. 6

DSMRM

Demand-Side Management Cost Recovery Mechanism

APPLICABLE TO:

Residential Rate RS, Volunteer Fire Department Rate VFD, Residential Prepaid Metering Rate RPM, General Service Rate GS, Small Time-of-Day Rate STOD, Large Commercial Rate LC, Large Commercial Time-of-Day Rate LC-TOD, Industrial Power Rate LP, and Industrial Power Time-of-Day Rate LP-TOD.

DSM Cost Recovery Component (DSMRC):

<u>Residential Rate RS, Volunteer Fire Dept. Rate VFD, and Residential Prepaid Metering Rate RPM</u>	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR)	0.090 ¢/KWH
DSM Revenues from Lost Sales (DRLS)	0.005 ¢/KWH
DSM Incentive (DSMI)	0.004 ¢/KWH
DSM Balance Adjustment (DBA)	(0.004)¢/KWH
 DSMRC Rates RS, VFD and RPM	 0.095 ¢/KWH

<u>General Service Rate GS and Small Time-of-Day Rate STOD</u>	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR)	0.018 ¢/KWH
DSM Revenues from Lost Sales (DRLS)	0.008 ¢/KWH
DSM Incentive (DSMI)	0.000 ¢/KWH
DSM Balance Adjustment (DBA)	(0.006)¢/KWH
 DSMRC Rates GS and STOD	 0.020 ¢/KWH

Date of Issue: December 1, 2004
Canceling Original sheet No. 71.4
Issued July 20, 2004

Issued By

Date Effective: January 1, 2005


John R. McCall, Executive Vice President,
General Counsel, and Corporate Secretary
Louisville, Kentucky

DSMRM	
Demand-Side Management Cost Recovery Mechanism	
<u>DSM Cost Recovery Component (DSMRC):</u>	
(Continued)	
<u>Large Commercial Rate LC</u>	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR)	0.007 ¢/KWH
DSM Revenues from Lost Sales (DRLS)	0.006 ¢/KWH
DSM Incentive (DSMI)	0.000 ¢/KWH
DSM Balance Adjustment (DBA)	(0.002)¢/KWH
 DSMRC Rates LC	 0.011 ¢/KWH
<u>Large Commercial Time-of-Day Rate LC-TOD</u>	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR)	0.006 ¢/KWH
DSM Revenues from Lost Sales (DRLS)	0.007 ¢/KWH
DSM Incentive (DSMI)	0.000 ¢/KWH
DSM Balance Adjustment (DBA)	(0.001)¢/KWH
 DSMRC Rates LC	 0.012 ¢/KWH

Date of Issue: December 1, 2004
Canceling Original sheet No. 71.5
Issued July 20, 2004

Issued By

Date Effective: January 1, 2005



John R. McCall, Executive Vice President,
General Counsel, and Corporate Secretary
Louisville, Kentucky

LOUISVILLE GAS & ELECTRIC COMPANY

**Supporting Calculations for the
DSM Cost Recovery Mechanism**

ELECTRIC SERVICE

**Twelve-Month Period Beginning January 1, 2005
and Ending December 31, 2005**

Summary

LOUISVILLE GAS & ELECTRIC COMPANY
 Summary of Total DSM Cost Recovery Component (DSMRC)
 12-Month Period Beginning January 1, 2005

Rate Schedule	DSM Cost Recovery Component (DCR) Exhibit AE	DSM Revenues From Lost Sales Component (DRLS) Exhibit BE	DSM Incentive Component (DSMI) Exhibit CE	DSM Balance Adjustment Component (DBA) Exhibit DE	DSM Recovery Component (DSMRC) Total
Residential Rate RS	0.090	0.005	0.004	(0.004)	0.095 ¢/kWh
General Service Rate GS	0.018	0.008	0.000	(0.006)	0.020 ¢/kWh
Large Commercial Rate LC	0.007	0.006	0.000	(0.002)	0.011 ¢/kWh
Large Commercial Rate LC-TOD	0.006	0.007	0.000	(0.001)	0.012 ¢/kWh

LOUISVILLE GAS & ELECTRIC COMPANY
Summary of DSM Revenues from DSM Cost Recovery Component (DCR)
12-Month Period Beginning January 1, 2005

Rate Schedule	Exhibit Reference	DSM Cost Recovery Total Amount	Estimated Billing Determinants	DSM Cost Recovery Component (DCR)
Residential Rate R	AE-1	\$ 3,551,644	3,949,167,782 kWh	0.090 ¢/kWh
General Service Rate GS	AE-2	\$ 259,931	1,450,118,848 kWh	0.018 ¢/kWh
Large Commercial Rate LC	AE-3	\$ 174,461	2,331,531,764 kWh	0.007 ¢/kWh
Large Commercial Rate LC-TOD	AE-4	\$ 39,853	618,241,440 kWh	0.006 ¢/kWh
Industrial Power Rate LP	AE-5	\$ -	699,864,734 kWh	0.000 ¢/kWh
Total DCR Amount		\$ 4,025,889		

LOUISVILLE GAS & ELECTRIC COMPANY
DSM Cost Recovery Component (DCR)
12-Month Period Beginning January 1, 2005

Program costs, which are categorized by residential, commercial, and industrial must be allocated to the individual rate schedules. The first step, allocation between gas and electric, and between LG&E and KU, is shown on page 3.

On page 4, the DSM Program costs are further assigned to the rate schedules, which is the second and final step of the cost allocation process. This allocation consists of splitting the commercial electric costs to the General Service Rate GS, the Large Commercial Rate LC, and the Large Commercial Time-of-Day Rate LC-TOD. The program costs for the Residential Rate R, the Residential Gas Service RGS, and the Commercial Customers served under Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT were directly assigned to the rate schedules by means of the allocation to gas and to electric on page 3.

The auxiliary Exhibits identified as AE-1 through AE-5 provide the specific analyses of program costs, revenue recovery, and billing determinants which are necessary to compute the DCR factors for each of the electric rate schedules.

DSM

Exhibit AE

Page 3 of 4

Program	Allocation	2005
Total of All Programs		
LGE: RS		3,551,644
LGE: RGS		1,049,405
LGE: GS		259,931
LGE: LC		174,461
LGE: LC-TOD		39,853
LGE: LP		-
LGE: LP-TOD		-
LGE: CGS		8,413
KU: RS		4,033,990
KU: FERS		-
KU: GS		308,258
KU: LP		174,399
KU: LCI-TOD		-
KU: HLF		-
Total		9,600,355
Residential Conservation		
LGE: RS	37.5%	144,584
LGE: RGS	12.5%	48,195
KU: RS	50.0%	192,778
KU: FERS	0.0%	-
Total		385,556
Residential Load Mgmt.		
LGE: RS	50.0%	3,258,856
KU: RS	50.0%	3,258,856
KU: FERS	0.0%	-
Total		6,517,711
Residential Low-Income		
LGE: RS	7.0%	115,433
LGE: RGS	60.0%	989,429
KU: RS	33.0%	544,186
KU: FERS	0.0%	-
Total		1,649,049
Commercial Conservation		
LGE: GS	25.0%	208,155
LGE: LC	20.0%	166,524
LGE: LC-TOD	4.0%	33,305
LGE: CGS	1.0%	8,326
KU: GS	30.0%	249,786
KU: LP	20.0%	166,524
KU: LCI-TOD	0.0%	-
Total		832,619
Commercial Load Mgmt.		
LGE: GS	40.0%	49,112
LGE: LC	5.0%	6,139
LGE: LC-TOD	5.0%	6,139
KU: GS	45.0%	55,251
KU: LP	5.0%	6,139
KU: LCI-TOD	0.0%	-
Total		122,780
Industrial Lighting		
LGE: LP	0.0%	-
LGE: LP-TOD	0.0%	-
KU: LP	0.0%	-
KU: HLF	0.0%	-
Total		34,790
Program Develop and Admin.		
LGE: RS	35.4%	32,772
LGE: RGS	12.7%	11,781
LGE: GS	2.9%	2,664
LGE: LC	1.9%	1,798
LGE: LC-TOD	0.4%	409
LGE: LP	0.0%	-
LGE: LP-TOD	0.0%	-
LGE: CGS	0.1%	87
KU: RS	41.2%	38,170
KU: FERS	0.0%	-
KU: GS	3.5%	3,221
KU: LP	1.9%	1,737
KU: LCI-TOD	0.0%	-
KU: HLF	0.0%	-
Total	100.0%	92,640

LOUISVILLE GAS & ELECTRIC COMPANY
Allocation of DSM Program Costs to Rates

<u>ELECTRIC</u>	
Residential Rate R	\$ 3,551,644
General Service Rate GS	\$ 259,931
Large Commercial Rate LC	\$ 174,461
Large Commercial Rate LC-TOD	\$ 39,853
Industrial Power Rate LP	\$ -
TOTAL ELECTRIC	\$ 4,025,889

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Cost Recovery (DCR)
For Residential Rate R
12-Month Period Beginning January 1, 2005

The total 2005 DSM Program Cost for Residential Rate R is \$3,551,644 as determined on page 4 of Exhibit AE. This filing proposes to determine a DSM Cost Recovery (DCR) factor to be applicable for the period of January 1, 2005 through December 31, 2005. The DCR factor is calculated by dividing the total 2005 program cost for Rate R by the January - December, 2005 forecasted Kwh sales as shown on page 2. The resulting DCR factor for Residential Rate R is 0.090 ¢ per kWh .

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DCR Component For Rate RS

Forecast
kWh Sales

JAN 2005	349,323,863
FEB	302,970,496
MAR	275,349,053
APR	246,695,678
MAY	240,727,742
JUN	357,717,385
JUL	468,852,708
AUG	468,592,526
SEP	428,538,350
OCT	266,886,008
NOV	241,335,241
DEC	302,178,733
	<u>3,949,167,782</u>

Total Program Costs \$ 3,551,644
DCR Factor in ¢ per kWh 0.090

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DSM Cost Recovery (DCR)
For General Service Rate GS
12-Month Period Beginning January 1, 2005

The total 2005 DSM Program Cost for General Service Rate GS is \$259,931 as determined on page 4 of Exhibit AE. This filing proposes to determine a DSM Cost Recovery (DCR) factor to be applicable for the period of January 1, 2005 through December 31, 2005. The DCR factor is calculated by dividing total 2005 program cost for Rate GS by the January - December, 2005 forecasted Kwh sales as shown on page 2. The resulting DCR factor for Rate GS is 0.018 ¢ per kWh.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DCR Component For Rate GS

Forecast
kWh Sales

JAN 2005	120,521,661
FEB	115,076,510
MAR	110,317,282
APR	105,304,028
MAY	108,404,249
JUN	128,950,575
JUL	146,683,829
AUG	145,822,906
SEP	139,889,571
OCT	113,052,436
NOV	103,062,470
DEC	113,033,329
	<u>1,450,118,848</u>

Total Program Costs \$ 259,931

DCR Factor in ¢ per kWh 0.018

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Cost Recovery (DCR)
For Large Commercial Rate LC
12-Month Period Beginning January 1, 2005

The total 2005 DSM Program Cost for Large Commercial Rate LC is \$174,461 as determined on page 4 of Exhibit AE. This filing proposes to determine a DSM Cost Recovery (DCR) factor to be applicable for the period of January 1, 2005 through December 31, 2005. The DCR factor is calculated by dividing the total 2005 program cost for Rate LC by the January - December, 2005 forecasted Kwh sales as shown on page 2. The resulting DCR factor for Rate LC is 0.007 ¢ per kWh.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DCR Component For Rate LC

Forecast
kWh Sales

JAN 2005	186,052,042
FEB	181,515,421
MAR	177,966,756
APR	172,981,217
MAY	183,353,177
JUN	207,941,044
JUL	228,512,897
AUG	224,276,502
SEP	218,553,975
OCT	190,701,359
NOV	174,136,906
DEC	185,540,467
	<u>2,331,531,764</u>

Total Program Costs \$ 174,461

DCR Factor in ¢ per kWh 0.007

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Cost Recovery (DCR)
For Large Commercial Time-of-Day Rate LC-TOD
12-Month Period Beginning January 1, 2005

The total 2005 DSM Program Cost for Large Commercial Time-of-Day Rate LC-TOD is \$39,853 as determined on page 4 of Exhibit AE. This filing proposes to determine a DSM Cost Recovery (DCR) factor to be applicable for the period of January 1, 2005 through December 31, 2005. The DCR factor is calculated by dividing the total 2005 program cost for Rate LC-TOD by the January - December, 2005 forecasted Kwh sales as shown on page 2. The resulting DCR factor for Rate LC-TOD is 0.006 ¢ per kWh.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DCR Component For Rate LC-TOD

Forecast
kWh Sales

JAN 2005	48,627,196
FEB	50,261,451
MAR	46,942,984
APR	46,413,380
MAY	48,432,890
JUN	52,897,817
JUL	59,601,069
AUG	57,549,495
SEP	57,023,359
OCT	50,997,986
NOV	47,790,993
DEC	51,702,820
	<u>618,241,440</u>

Total Program Costs	\$	39,853
DCR Factor in ¢ per kWh		0.006

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Cost Recovery (DCR)
For Industrial Power Rate LP
12-Month Period Beginning January 1, 2005

Not applicable at this time.

LOUISVILLE GAS & ELECTRIC COMPANY
DSM Cost Recovery (DCR)
For Industrial Power Time-of-Day Rate LP-TOD
12-Month Period Beginning January 1, 2005

Not applicable at this time.

LOUISVILLE GAS & ELECTRIC COMPANY
Summary of DSM Revenues from Lost Sales Component (DRLS)
12-Month Period Beginning January 1, 2005

Rate Schedule	DRLS
Residential Rate RS	0.005 ¢/kWh
General Service Rate GS	0.008 ¢/kWh
Large Commercial Rate LC	0.006 ¢/kWh
Large Commercial Rate LC-TOD	0.007 ¢/kWh

LOUISVILLE GAS & ELECTRIC COMPANY
Summary of DSM Revenues from Lost Sales Component: DRLS
12-Month Period Beginning January 1, 2005

Rate Schedule	Exhibit Reference	Lost Net Revenues Total Amount	Estimated Billing Determinants (kWh)	DSM Revenues from Lost Sales Component (DRLS)
Residential Rate R	BE-1	\$ 182,871	3,949,167,782	0.005 ¢/kWh
General Service Rate GS	BE-2	\$ 113,401	1,450,118,848	0.008 ¢/kWh
Large Commercial Rate LC	BE-3	\$ 134,129	2,331,531,764	0.006 ¢/kWh
Large Commercial Rate LC-TOD	BE-4	\$ 44,710	618,241,440	0.007 ¢/kWh

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For Residential Rate R
12-Month Period Beginning January 1, 2005

This filing proposes to compute Revenues from Lost Sales with a Lost Net Revenue methodology based on engineering estimates of DSM program energy reduction. Lost Net Revenue is calculated by multiplying the non-variable revenue requirement per kWh by the estimated annual reduction in customer usage as shown on page 2. The non-variable revenue requirement is the weighted average price per kWh of expected billings in 2005 under the energy charges contained in the Rate Schedule R, after deducting the variable costs included in such energy charges.

The DRLS factor is calculated by dividing the total applicable lost net revenue amount for Rate R by the January - December, 2005 forecasted Kwh sales as shown on page 3. The resulting DRLS factor for Rate R is 0.005 ¢ per kWh.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of Lost Net Revenue for Rate RS

<u>Program Descriptions</u>	<u>Total Energy Savings (kWh)</u>	<u>Non-variable Revenue per kWh</u>	<u>Lost Net Revenue</u>
Residential Conservation	1,365,826	\$0.051	\$70,095
Residential Low-Income	2,197,468	\$0.051	\$112,776
Load Management	<u>-</u>	\$0.051	<u>\$0</u>
TOTAL PROGRAMS	3,563,295		\$182,871

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DRLS Component For Rate RS

Forecast
kWh Sales

JAN 2005	349,323,863
FEB	302,970,496
MAR	275,349,053
APR	246,695,678
MAY	240,727,742
JUN	357,717,385
JUL	468,852,708
AUG	468,592,526
SEP	428,538,350
OCT	266,886,008
NOV	241,335,241
DEC	302,178,733
	<u>3,949,167,782</u>

Total Lost Net Revenue \$ 182,871

Revised DRLS Factor in ¢ per kWh 0.005

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For General Service Rate GS
12-Month Period Beginning January 1, 2005

This filing proposes to implement a Lost Net Revenue methodology based on engineering estimates of DSM program energy reduction. Lost Net Revenue is calculated by multiplying the non-variable revenue requirement per kWh by the estimated annual reduction in customer usage as shown on page 2. The non-variable revenue requirement is the weighted average price per kWh of expected billings in 2005 under the energy charges contained in the General Service Rate Schedule, after deducting the variable costs included in such energy charges.

The DRLS factor is calculated by dividing the total applicable lost net revenue for Rate GS by the January - December, 2005 forecasted Kwh sales as shown on page 3. The resulting DRLS factor for Rate GS is 0.008 ¢ per kWh.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of Lost Net Revenue for Rate GS

<u>Program Descriptions</u>	<u>Total Energy Savings (kWh)</u>	<u>Non-variable Revenue per kWh</u>	<u>Lost Net Revenue</u>
Commercial Conservation	1,971,492	\$0.058	\$113,401
Load Management	-	\$0.058	\$0
	<hr/>		<hr/>
TOTAL PROGRAMS	1,971,492		\$113,401

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DRLS Component For Rate GS

Forecast
kWh Sales

JAN 2005	120,521,661
FEB	115,076,510
MAR	110,317,282
APR	105,304,028
MAY	108,404,249
JUN	128,950,575
JUL	146,683,829
AUG	145,822,906
SEP	139,889,571
OCT	113,052,436
NOV	103,062,470
DEC	113,033,329
	<u>1,450,118,848</u>

Total Lost Net Revenue \$ 113,401

Revised DRLS Factor in ¢ per kWh 0.008

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For Large Commercial Rate LC
12-Month Period Beginning January 1, 2005

This filing proposes to implement a Lost Net Revenue methodology based on engineering estimates of DSM program energy reduction. Lost Net Revenue is calculated by multiplying the non-variable revenue requirement per kWh by the estimated annual reduction in customer usage as shown on page 2. The non-variable revenue requirement is the weighted average price per kWh (represented by the composite of the expected billings under the respective demand and energy charges) of expected billings in 2005 under the energy charges contained in the Commercial Rate Schedule, after deducting the variable costs included in such energy charges.

The DRLS factor is calculated by the total applicable lost net revenue for Rate LC by the January - December, 2005 forecasted Kwh sales as shown on page 3. The resulting DRLS factor for Rate LC is 0.006 ¢ per Kwh.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of Lost Net Revenue for Rate LC

<u>Program Descriptions</u>	<u>Total Energy Savings (kWh)</u>	<u>Non-variable Revenue per kWh</u>	<u>Lost Net Revenue</u>
Commercial Conservation	2,957,238	\$0.045	\$134,129
Load Management	-	\$0.045	\$0
	<hr/>		<hr/>
TOTAL PROGRAMS	2,957,238		\$134,129

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DRLS Component For Rate LC

Forecast
kWh Sales

JAN 2005	186,052,042
FEB	181,515,421
MAR	177,966,756
APR	172,981,217
MAY	183,353,177
JUN	207,941,044
JUL	228,512,897
AUG	224,276,502
SEP	218,553,975
OCT	190,701,359
NOV	174,136,906
DEC	185,540,467
	<u>2,331,531,764</u>

Total Lost Net Revenue \$ 134,129

Revised DRLS Factor in ¢ per kWh 0.006

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For Large Commercial Time-of-Day Rate LC-TOD
12-Month Period Beginning January 1, 2005

This filing proposes to implement a Lost Net Revenue methodology based on engineering estimates of DSM program energy reduction. Lost Net Revenue is calculated by multiplying the non-variable revenue requirement per kWh by the estimated annual reduction in customer usage as shown on page 2. The non-variable revenue requirement is the weighted average price per kWh (represented by the composite of the expected billings under the respective demand and energy charges) of expected billings in 2005 under the energy charges contained in the Commercial Time-of-Day Rate Schedule, after deducting the variable costs included in such energy charges.

The DRLS factor is calculated by dividing total applicable lost net revenue for Rate LC-TOD by the January - December, 2005 forecasted Kwh sales as shown on page 3. The resulting DRLS factor for Rate LC-TOD is 0.007 ¢ per kWh.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of Lost Net Revenue For Rate LC-TOD

<u>Program Descriptions</u>	<u>Total Energy Savings (kWh)</u>	<u>Non-variable Revenue per kWh</u>	<u>Lost Net Revenue</u>
Commercial Conservation	985,746	\$0.045	\$44,710
Load Management	-	\$0.045	\$0
TOTAL PROGRAMS	985,746		\$44,710

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DRLS Component For Rate LC-TOD

Forecast
kWh Sales

JAN	2005	48,627,196
FEB		50,261,451
MAR		46,942,984
APR		46,413,380
MAY		48,432,890
JUN		52,897,817
JUL		59,601,069
AUG		57,549,495
SEP		57,023,359
OCT		50,997,986
NOV		47,790,993
DEC		51,702,820
		<u>618,241,440</u>

Total Lost Net Revenue \$ 44,710

Revised DRLS Factor in ¢ per kWh 0.007

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For Industrial Power Rate LP
12-Month Period Beginning January 1, 2005

Not currently applicable.

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For Industrial Power Time-of-Day Rate LP-TOD
12-Month Period Beginning January 1, 2005

Not currently applicable.

LOUISVILLE GAS & ELECTRIC COMPANY
Summary of DSM Incentive Component (DSMI)
12-Month Period Beginning January 1, 2005

Rate Schedule	Exhibit Reference	DSM Incentive Total Amount	Estimated Billing Determinants	DSM Incentive Component (DSMI)
Residential Rate RS	CE-1	\$ 162,943	3,949,167,782 kWh	0.004 ¢/kWh
General Service Rate GS	CE-2	\$ 2,456	1,450,118,848 kWh	0.000 ¢/kWh
Large Commercial Rate LC	CE-3	\$ 307	2,331,531,764 kWh	0.000 ¢/kWh
Large Commercial Rate LC-TOD	CE-4	\$ 307	618,241,440 kWh	0.000 ¢/kWh
Total DSMI Amount		\$ 166,012		

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For Residential Rate R
12-Month Period Beginning January 1, 2005

This filing proposes to compute a DSMI factor based on all three of the residential programs. The proposed factor consists of two incentive components: Education and Load Control Programs, and Energy Impact Programs. The two programs excluding Load Control are "Energy Impact Programs," and the incentive amounts are computed as 15% of the net present value benefits (i.e., the difference between the 20 year avoided cost savings and the 2005 program costs). For the Load Control Program the incentive is computed as 5% of program costs, as shown on page 2. Programs which indicate a negative difference are considered to have a zero benefit for purposes of computing the incentive.

The DSMI factor is calculated by dividing the total 2005 incentive amount for Rate R by the January - December, 2005 forecasted Kwh sales as shown on page 3. The resulting DSMI factor for Residential Rate R is 0.004 ¢ per Kwh .

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of Rate RS Incentives

	Net Present Value			15% of Benefits	Incentive
	Avoided Costs	Program Costs	Benefits		
<u>Energy Impact Programs</u>					
Residential Low-Income	\$37,975	\$75,865	0 \$	-	\$ -
Residential Conservation	\$120,926	\$260,801	0 \$	-	\$ -
Load Management ¹		\$ 3,258,856	\$	162,943	\$ 162,943

¹ Unlike other energy impact programs, the incentive for Load Management is 5%.

Total Energy Impact Programs Incentive \$ 162,943

Total Programs Incentive \$ 162,943

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DSMI Component For Rate RS

Forecast
kWh Sales

JAN	2005	349,323,863
FEB		302,970,496
MAR		275,349,053
APR		246,695,678
MAY		240,727,742
JUN		357,717,385
JUL		468,852,708
AUG		468,592,526
SEP		428,538,350
OCT		266,886,008
NOV		241,335,241
DEC		302,178,733
		3,949,167,782

Total Incentive \$ 162,943

Revised DSMI Factor in ¢ per kWh 0.004

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For General Service Rate GS
12-Month Period Beginning January 1, 2005

The proposed DSM Incentive Component (DSMI) factor for Commercial Rate GS is 0.000 ¢ per Kwh. The factor is based on an allocation of LG&E's incentive between the electric and gas functions. Although \$2,245 was allocated to the electric function, dividing this amount by the Kwh sales resulted in a value of zero, when rounded to three decimal places.

This filing proposes to compute a DSMI factor based on both of the commercial programs. The proposed factor consists of two incentive components: Education and Load Control Programs, and Energy Impact Programs. The program excluding Load Control is an "Energy Impact Programs," and the incentive amounts are computed as 15% of the net present value benefits (i.e., the difference between the 20 year avoided cost savings and the 2005 program costs). For the Load Control Program the incentive is computed as 5% of program costs, as shown on page 2. Programs which indicate a negative difference are considered to have a zero benefit for purposes of computing the incentive.

The DSMI factor is calculated by dividing the total 2005 incentive amount for Rate GS by the January - December, 2005 forecasted Kwh sales as shown on page 3. The resulting DSMI factor for General Service Rate GS is 0.000 ¢ per Kwh.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of Rate GS Incentives

	Net Present Value		Benefits	15% of Benefits	Incentive
	Avoided Costs	Program Costs			
<u>Energy Impact Programs</u>					
Commercial Conservation	\$ 136,047	\$ 174,196	0	\$ -	\$ -
Load Management ¹		\$ 49,112		\$ 2,456	\$ 2,456
Total Programs Incentive					\$ 2,456

¹ Unlike other energy impact programs, the incentive for Load Management is 5%.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DSMI Component For Rate GS

Forecast
kWh Sales

JAN	2005	120,521,661
FEB		115,076,510
MAR		110,317,282
APR		105,304,028
MAY		108,404,249
JUN		128,950,575
JUL		146,683,829
AUG		145,822,906
SEP		139,889,571
OCT		113,052,436
NOV		103,062,470
DEC		113,033,329
		1,450,118,848

Total Incentive \$ 2,456

Revised DSMI Factor in ¢ per kWh 0.000

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For Large Commercial Rate LC
12-Month Period Beginning January 1, 2005

The proposed DSM Incentive Component (DSMI) factor for Large Commercial Rate LC is 0.000 ¢ per Kwh. The factor is based on an allocation of LG&E's incentive between the electric and gas functions. Although \$281 was allocated to the electric function, dividing this amount by the Kwh sales resulted in a value of zero, when rounded to three decimal places.

This filing proposes to compute a DSMI factor based on both of the commercial programs. The proposed factor consists of two incentive components: Education and Load Control Programs, and Energy Impact Programs. The program excluding Load Control is an "Energy Impact Programs," and the incentive amounts are computed as 15% of the net present value benefits (i.e., the difference between the 20 year avoided cost savings and the 2005 program costs). For the Load Control Program the incentive is computed as 5% of program costs, as shown on page 2. Programs which indicate a negative difference are considered to have a zero benefit for purposes of computing the incentive.

The DSMI factor is calculated by dividing the total 2005 incentive amount for Rate LC by the January - December, 2005 forecasted Kwh sales as shown on page 3. The resulting DSMI factor for Large Commercial Rate LC is 0.000 ¢ per Kwh.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of Rate LC Incentives

	<u>Net Present Value</u>			<u>15% of Benefits</u>	<u>Incentive</u>
	<u>Avoided Costs</u>	<u>Program Costs</u>	<u>Benefits</u>		
<u>Energy Impact Programs</u>					
Commercial Conservation	\$ 220,617	\$ 282,480	0	\$ -	\$ -
Load Management ¹		\$ 6,139		\$ 307	\$ 307
Total Programs Incentive					\$ 307

¹ Unlike other energy impact programs, the incentive for Load Management is 5%.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DSMI Component For Rate LC

Forecast
kWh Sales

JAN	2005	186,052,042
FEB		181,515,421
MAR		177,966,756
APR		172,981,217
MAY		183,353,177
JUN		207,941,044
JUL		228,512,897
AUG		224,276,502
SEP		218,553,975
OCT		190,701,359
NOV		174,136,906
DEC		185,540,467
		2,331,531,764

Total Incentive \$ 307

Revised DSMI Factor in ¢ per kWh 0.000

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For Large Commercial Time-of-Day Rate LC-TOD
12-Month Period Beginning January 1, 2005

The proposed DSM Incentive Component (DSMI) factor for Large Commercial TOD Rate LC-TOD is 0.000 ¢ per Kwh. The factor is based on an allocation of LG&E's incentive between the electric and gas functions. Although \$281 was allocated to the electric function, dividing this amount by the Kwh sales resulted in a value of zero, when rounded to three decimal places.

This filing proposes to compute a DSMI factor based on both of the commercial programs. The proposed factor consists of two incentive components: Education and Load Control Programs, and Energy Impact Programs. The program excluding Load Control is an "Energy Impact Programs," and the incentive amounts are computed as 15% of the net present value benefits (i.e., the difference between the 20 year avoided cost savings and the 2005 program costs). For the Load Control Program the incentive is computed as 5% of program costs, as shown on page 2. Programs which indicate a negative difference are considered to have a zero benefit for purposes of computing the incentive.

The DSMI factor is calculated by dividing 2005 incentive amount for Rate LC-TOD by the January - December, 2005 forecasted Kwh sales as shown on page 3. The resulting DSMI factor for Large Commercial Time-of-Day Rate LC-TOD is 0.000 ¢ per Kwh.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of Rate LC-TOD Incentives

	<u>Net Present Value</u>		<u>Benefits</u>	<u>15% of Benefits</u>	<u>Incentive</u>
	<u>Avoided Costs</u>	<u>Program Costs</u>			
<u>Energy Impact Programs</u>					
Commercial Conservation	\$ 55,154	\$ 70,620	0	\$ -	\$ -
Load Management ¹		\$ 6,139	\$	307	\$ 307
Total Programs Incentive					\$ 307

¹ Unlike other energy impact programs, the incentive for Load Management is 5%.

LOUISVILLE GAS & ELECTRIC COMPANY
Calculation of DSMI Component For Rate LC-TOD

Forecast
kWh Sales

JAN	2005	48,627,196
FEB		50,261,451
MAR		46,942,984
APR		46,413,380
MAY		48,432,890
JUN		52,897,817
JUL		59,601,069
AUG		57,549,495
SEP		57,023,359
OCT		50,997,986
NOV		47,790,993
DEC		51,702,820
		618,241,440

Total Incentive \$ 307

Revised DSMI Factor in ¢ per kWh 0.000

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For Industrial Power Rate LP
12-Month Period Beginning January 1, 2005

Not applicable at this time.

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For Industrial Power Time-of-Day Rate LP-TOD
12-Month Period Beginning January 1, 2005

Not applicable at this time.